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January 17, 2001

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EX PARTE

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JAN 17 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals
445 12th S.W., Room TWB-204
Washington, D.C. 20554

Re: CC Docket No. 98-147

Dear Ms. Salas:

On January 17, 2001, Keith Milner, Wayne Gray and I, representing BellSouth Corporation, met with Brent Olson, Bill Kehoe, Kim Cook and Alex Johns of the Common Carrier Bureau's Policy and Program Planning Division. Also attending the meeting was Shanti Gupta of the Commission's Office of Engineering and Technology. The purpose of the meeting was to discuss BellSouth's position on issues relating to its collocation obligations raised by the *Second Further Notice of Proposed Rulemaking* in CC Docket No. 98-147. The attached document formed the basis for those presentations.

In compliance with the Commission's rules, I am filing two copies of this notice in the proceeding identified above and ask that you associate this filing with those proceedings.

Sincerely,

Kathleen B. Levitz

Kathleen B. Levitz

Attachment

cc: Brent Olson
Bill Kehoe
Kim Cook
Alex Johns
Shanti Gupta

Copies rec'd 012
ABCDE

BellSouth Presentation on Collocation Issues

CC Docket No. 98-147

BellSouth Collocation Issues

CC Docket No. 98-147

- ***Commission should define what constitutes an “acceptable collocation application” as a firm order***
 - *In 1999 and 2000, BellSouth processed 8,556 physical collocation applications after determining that space was available. The application fee is then billed to the Collocator after space is determined available.*
 - *In 1999 and 2000, BellSouth processed 7,240 firm orders for physical collocation. BellSouth bills the firm order fee to the Collocator upon receipt of the firm order.*
 - *Approximately 15% of the applications for Collocation for which space was available did not result in a physical collocation arrangement being installed.*
 - *1,316 Collocation applications resulted in some provisioning expenses not being recovered:*
 - *816 applications were cancelled*
 - *336 applications expired without going to firm order*
 - *164 firm orders were cancelled*
 - *BellSouth’s Space Preparation fees are recovered as monthly recurring rates.*

BellSouth Collocation Issues CC Docket No. 98-147

CLECs should provide a binding forecast for central office and remote site physical collocation arrangements

- In cases where no collocation arrangement forecast is provided, BellSouth should not be held to the shorter provisioning intervals.*
- An accurate forecast assumes an order will follow that reflects the same information provided in the forecast for the collocation arrangement with regard to the equipment to be installed, power requirements as well as floor space requirements.*
- Orders received reflecting information different than in a forecast should warrant a longer provisioning interval.*

BellSouth Collocation Issues

CC Docket No. 98-147

- ***Conditioned*** space is ready for telecom equipment installation with the appropriate building infrastructure in place, e.g. lighting, Heating, Ventilation and Air Conditioning (HVAC). Also, the existing power plant is sufficient to handle the incremental load of the collocater's equipment.
- ***Unconditioned*** space (sometimes referred to as "raw" space) includes areas that are not yet suitable for installation of telecom equipment. No infrastructure (lighting, HVAC, etc.) is in place. It could also include space that must undergo environmental abatement work (e.g. asbestos, lead paint) or work to meet requirements for ADA compliance, etc.

BellSouth Collocation Issues

CC Docket No. 98-147

<u>Type Of Collocation</u>	<u>Application</u>	<u>Space Availability</u>	<u>Completion</u>	<u>Space Availability Exception</u>	<u>Forecasting Exception</u>	<u>CLEC Delays</u>	<u>Vendor Delays</u>
Caged/Cageless conditioned space properly forecast	Day 1	8 Business Days	76 Business Days	Can be extended up to 20 business days where space is not readily available		Day for Day Adjustment For CLEC Delays	Permits a Negotiated Interval
Caged/Cageless conditioned space unforecasted	Day 1	8 Business Days	76 Business Days	Can be extended up to 20 business days where space is not readily available	No Forecast - can be extended up to 2 months	Day for Day Adjustment For CLEC Delays	Permits a Negotiated Interval
Caged/Cageless major construction obstacles or special applicant requirements, properly forecast	Day 1	8 Business Days	91 Business Days Upon Notification	Can be extended up to 20 business days where space is not readily available		Day for Day Adjustment For CLEC Delays	Permits a Negotiated Interval
Caged/Cageless major construction obstacles or special applicant requirements, unforecasted	Day 1	8 Business Days	91 Business Days Upon Notification	Can be extended up to 20 business days where space is not readily available	No Forecast - can be extended up to 2 months	Day for Day Adjustment For CLEC Delays	Permits a Negotiated Interval
<u>Forecast Received</u>		<u>Interval Starts</u>					
No Forecast		2 months after application date					
1 month prior to application date		2 months after application date					
2 months prior to application date		1 month after application date					
3 months prior to application date		On application date					

January 17, 2001

BellSouth Collocation Issues

CC Docket No. 98-147

- ***BellSouth's analysis for seven states has shown that approximately 20% of the collocation arrangements completed by BellSouth still have no service ordered after more than six months***
 - *Based on a 'snapshot' of TIRKS and LFACS records showing DS0, DS1 and/or DS3 facilities connecting the CLEC's equipment to BellSouth's network within the central office. Records show how many of the facilities are "working" and how many are "spare".*
- ***CLECs claim that BellSouth's provisioning interval is too long yet it takes an average of 116 days for CLECs to do their own provisioning once space has been turned over***

BellSouth Collocation Issues

CC Docket No. 98-147

- ***BellSouth is not obligated to provide collocation for purposes other than interconnection with BellSouth's network and/or access to UNEs***
 - *BellSouth has had requests for only fiber termination panels or fiber splices in the central office cable vault for transport carriers who want to cross-connect to collocated CLECs; not to interconnect with BellSouth's network.*
 - *BellSouth has had requests for microwave collocation arrangements wherein the collocator would place up to 50 dishes on the central office roof as 'line of sight' loops to end user premises. Collocator would then take the end users' traffic to a collocation arrangement in central office for aggregation then on to the collocator's switch via another dish on same rooftop without interconnection to BellSouth's network.*
- ***Any competitor wishing to collocate equipment other than that necessary for "interconnection" and "access to unbundled network elements" has opportunity to do so in "collocation hotels"***
 - *See Atlanta Journal & Constitution News Articles from 2000.*

BellSouth Collocation Issues

CC Docket No. 98-147

- ***Many remote enclosures are not practical for collocation due to space limitations, security concerns, power or technical limitations***
 - *Many enclosures are designed to house equipment from a single manufacturer and are selected to fit specific equipment requirement.*
 - *Security concerns – CLECs would have unsupervised access to ILEC and other CLEC equipment and service; no feasible option for locking or securing individual shelves or cards.*
 - *Power requirements, radio frequency interference and heat release are technical concerns regarding equipment located in remote premises.*
- ***Where collocation in a remote premises is not technically feasible, the CLEC has adjacent collocation rights***
- ***Principle of equipment segregation permitted in central office environments should also apply to remote premises collocation***
- ***CLECs should provide ILECs a forecast of equipment to be utilized in remote sites for the ILEC to determine compatibility in remote environment (e.g., heat release, power requirements, etc.)***

Around Lenox space said good for telecom – 01/08/01

The Bally fitness location at the Around Lenox shopping center soon could be a telecom hotel. The center's owner, Casey Jones LLC, has been told by an experienced telecom developer that the 27,000- square-foot space is ideal for a switching station or telecom hotel, said Alex Peterson of Alpine Partners LLC. Alpine Partners is the managing member of Casey Jones. The site would work as telecom space because of its location near fiber-optic lines, high ceiling heights and ample free parking, Peterson said. "We're exploring the possibilities," he said. "I think that's the route we're going to go." NAI/Brannen Goddard is consulting the owner, which also is talking with other firms, including Staubach and Holder Properties, about marketing the space and/or becoming a partner in the project, Peterson said.

Large providers of telecom space competing in heated market

BYLINE: Tony Wilbert, STAFF

DATE: 09-29-2000

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SECTION: Business

PAGE: F; 4

Demand for collocation and Web-hosting space in Atlanta is outpacing supply, making the city a prime target for telecom real estate investment, say the heads of two of the country's largest telecom space providers.

"The market in Atlanta for switches, collocation and Web hosting is over a couple million square feet," said Michael Jacoby, president of Bethesda, Md.-based Core Location. "That's just in the foreseeable future."

Core Location is developing some of the largest collocation and Web-hosting facilities in the United States. Collocation facilities house and monitor computer equipment for several companies.

They are expensive to develop and maintain because they require a lot of power and access to fiber-optic lines.

In Atlanta, Core Location is developing Metro Technology Center Atlanta, a 1 million-square-foot collocation and Web-hosting facility in a former Sears warehouse on Jefferson Street near Georgia Tech.

The amount of demand for telecom space is growing as the number of Internet users rises and e-commerce expands. "Nobody, even so-called experts like myself, can tell you where demand is going to be in a year," Jacoby said.

Core Location says Taconic Partners of New York, which is developing AtlantaXchange

atop the downtown Macy's, is its largest competitor in Atlanta. Core and Taconic also compete in Chicago, where each has a large telecom real estate facility.

Taconic principal Michael Pariser said his company is responding to several proposals for data center and collocation space at the property. "The market in Atlanta is good," he said.

John Shlesinger, an Insignia/ESG broker who markets 360,000 square feet of telecom space at AtlantaXchange, said demand continues to pick up each month.

Taconic already has nabbed its first telecom tenant at the Macy's building; Colo.com of California leased 55,285 square feet for a collocation facility. Jacoby said Metro Technology Center Atlanta soon will announce its first lease for 50,000 square feet.

As for telecom real estate supply, it's also a moving target. Several developers have announced projects at former industrial sites, and others have said they will build new facilities. Pariser said Taconic is not worried about Atlanta overbuilding anytime soon. "I haven't seen where we're losing any deals to the competition," he said. "The tenants haven't shown up and said, 'I've (already) seen nine locations.' "

Still, Jacoby said, telecom real estate is a high-risk venture that requires people who have relationships with national telecom providers and a "good, strong" capital partner. Core Location's partner in Metro Technology Center Atlanta is MetroNexus, an entity controlled by Morgan Stanley Dean Witter.

"This business, from a development standpoint, is not for the faint of heart," he said.

Developer to convert building in Clayton into telecom facility

BYLINE: Tony Wilbert, STAFF

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SECTION: Business

PAGE: F; 3

Telecom fever is spreading to Clayton County.

JEMB Realty Corp. of New York plans to buy a new industrial building at I-285 and Old Dixie Road in Forest Park and convert it to a telecom hotel that will house equipment for telecommunications and high-tech companies. Tornado Telecom, a division of JEMB, will operate the facility, its first telecom building in metro Atlanta.

The developer has contracted to buy the 203,000-square-foot distribution building from Buckhead-based Industrial Developments International, which completed the facility's shell last month. JEMB expects to close on its purchase in mid-September and have the telecom hotel operational 60 days later.

JEMB chose Atlanta because it has a solid telecom infrastructure that was put into place during the Olympic Games, principal Joseph Jerome said. "Atlanta is one of the high-growth areas for telecommunications," he said. "There's a lot of fiber there, and power."

Although downtown Atlanta and the West Side are emerging as top telecom areas because of their proximity to fiber-optic lines, suburban locations near rail lines also are starting to attract telecom hotels and data centers. Providers lay fiber-optics along railroad lines.

On Monday, TelePlace Inc. of Boca Raton, Fla., and Clearview Investments of Arlington, Texas, acquired the former Casual Corner distribution center in Norcross. TelePlace will convert it to a data center and collocation facility. Collocation facilities house and monitor equipment and provide network access for several telecommunications and technology firms.

In Suwanee, IDI sold a 303,000-square-foot industrial building to ITC DeltaCom, which is converting it to an Internet data center, telecom hotel and headquarters for its eDeltaCom unit.

The building JEMB plans to convert to a telecom hotel is located at IDI's SouthPoint industrial park, which is across Old Dixie Road from a CSX rail line and fiber lines.

"It's a great location for a collocation or data center," said Lisa Ward, vice president of leasing for IDI's Eastern Region.

Meanwhile, JEMB does not plan to stop at one telecom hotel in metro Atlanta.

"We will be looking for other opportunities there," Jerome said.

Downtown Macy's gains telecom tenant

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The new owners of the Macy's building downtown have landed their first tenant, a California-based collocation facility operator.

Colo.com leased 55,285 square feet in the historic building, where Taconic Investment Partners of New York is renovating 360,000 square feet on the top five floors for use by Internet, telecommunications and e-commerce companies.

Colo.com operates collocation facilities, which house and monitor telecommunications and Internet equipment for several clients. The equipment enables Colo.com's customers to connect with network providers. Colo.com will commence its operation in about four months.

As demand for telecom switch and collocation facilities increases, developers are rushing to convert mostly single-story industrial buildings from Atlanta's West End to Norcross. Colo.com selected the multistory Macy's building for its Atlanta operation because of its location, said Dave Demarest, a Cushman & Wakefield broker who represented the company with partner Andy Ghertner.

"Downtown still has the most-accessible fiber-optic infrastructure, and this building sits on top of the main fiber backbone in the entire city," he said.

The Colo.com lease likely will be the first of several with companies that provide facilities for the telecommunications and technology industries. The operations typically do not create many jobs, but they pay handsome rents for space.

Earlier this month, Taconic principal Paul Pariser said the office space at Macy's would ultimately house 500 to 800 workers.

The Colo.com lease is the first for the Taconic and Benenson Capital Co. partnership, which bought the Macy's building in late July for \$40 million. The seller, Federated Department Stores of Cincinnati, will continue to operate the Macy's store on the first floor, mezzanine and basement.

Interest in the remaining space has been "very strong," said John Shlesinger, an Insignia/ESG broker who leases space at Macy's with partners Sam Holmes and Casey Neel.

Norcross telecom facility planned

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SECTION: Business

PAGE: C; 1

The Florida firm converting the Roberds store in Buckhead to a telecom facility has similar plans for a former Casual Corner warehouse in Norcross.

The company is adding space in the suburbs because that's where its customers and fiber-optic lines are.

On Monday, TelePlace Inc. acquired the 221,000-square-foot Casual Corner warehouse and office complex near Peachtree Industrial Boulevard and Holcomb

Bridge Road for an undisclosed price. Backed by Clearview Investments of Arlington, Texas, TelePlace plans to start construction on the conversion to a telecom hotel within a week.

"We're doing it again," said Scott Haugland, president of the Americas for TelePlace. "We've had a ton of interest."

TelePlace Norcross, which will include a data center and collocation facility, should be ready Dec. 1. Collocation facilities house and monitor equipment and provide network access for several telecommunications and technology firms.

The Norcross site includes eight acres of developable land, where TelePlace plans to build 200,000 square feet of additional telecommunication space.

TelePlace also plans to expand TelePlace Buckhead on Piedmont Road, where WorldCom has signed for half of the existing 80,000 square feet. Haugland said TelePlace has most of the approvals needed to build a new telecom hotel on the site.

TelePlace plans a three-story, 120,000-square-foot telecom facility next to the Roberds site. The new Buckhead space could be ready as early as July.

TelePlace was attracted to Norcross because of the concentration of high-tech firms in the area. Last month BellSouth said it leased the former Hayes Corp. complex in Peachtree Corners for its BellSouth.com operation.

"It's one of the high-tech corridors," Haugland said. "It has lots of activity. It has lots of fiber."

TelePlace Norcross will be served by several fiber-optic line providers, including AT&T, WorldCom and BellSouth, said Colin Cavill, a Colliers Cauble Co. broker who leases space in the facility with partner Bill Buist. Its location less than a mile from the rail line ensures good access to fiber lines, which run along railroad rights-of-way.

"We have both local, statewide fiber as well as national and international fiber," he said.

Downtown site possible for switching space facility

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The demand for telecommunications switching space could lead to a new office building downtown.

The large appetite for the space has helped a 2.5-acre tract at Renaissance Square emerge as a potential site for a new telecom building.

Renaissance Square is a three-building complex at Piedmont Avenue and Ralph McGill Boulevard. Two of the buildings house switching stations; the other is being converted to condominiums after a short stint as apartments.

"I wish the (office) building were half a million square feet larger," said Bo Cook, a CB Richard Ellis broker who represents the owner of the office space at Renaissance Square. "We'd love for some aggressive developer to come in and build a new building."

The landlord, Leisure Colony Management Corp., is an affiliate of Miami-based LNR Property.

The demand for telecom space at the Renaissance Square site has sparked interest in the 2.5 acres, which can accommodate an office building of up to 870,000 square feet, Cook said.

If a developer decides to build switching space at the site, it could mark the beginning of a new trend. Most switching stations in Atlanta are being established in older, industrial properties, but demand could prompt developers to build new telecom space.

The last available switching space at Renaissance Square was snapped up by Level 3 Communications of Colorado, which already had a presence there. Nearly all of the 130,000 square feet of office space at Renaissance now houses switching space that supports telecom operations of Level 3, GTE, New South Communications and other telecommunications companies.

The need for switching space is growing and will continue to do so as more telecom uses are discovered, said W. Colin Cavill, a Colliers Cauble & Co. broker who specializes in telecom and high-tech real estate.

"I see the demand by the major carriers to be substantial," he said. "We've only started to see the applications of the switch."

Moreover, Atlanta is emerging as a city where telecommunications companies need a presence, he said. "Atlanta is well-placed for major carriers in local, long-distance and Internet data traffic because it's considered a tier-one city."

Several parties have expressed interest in the development site at Renaissance Square, Cook said.

"The interest is evidence that it's a good telco site," he said.

Renaissance Square has multiple access lines to fiber-optic trunk lines and plenty of power, both key for telecom operations.

Old Roberds store on Piedmont Road to become telecom switching station

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The Roberds building on Piedmont Road will be converted into the first large telecom switching station in Buckhead.

Clearview Investments of Arlington, Texas, acquired the 80,210- square-foot building Thursday for an undisclosed price. It then leased the building to TelePlace Inc., a Boca Raton, Fla., company that develops and leases space in switching stations. Clearview, a major investor in TelePlace, and TelePlace have established a partnership, Clearview TelePlace Buckhead, that will own and operate the center.

TelePlace already has leased half the switching space in the building to WorldCom, said Scott Haugland, president of the Americas for TelePlace. Tenants can occupy the property immediately and build out their spaces. "You can't be a big player in U.S. telecom without being in Atlanta," he said.

The Roberds center also marks Clearview's entrance into metro Atlanta. "It's a very hot market, especially for telecom," said Bo Brownlee, vice president of acquisitions at Clearview. "It was on our top-tier-markets list."

Roberds, a West Carrollton, Ohio-based home furnishing and electronics chain, shut down all its stores in May after a reorganization plan failed. It had filed for bankruptcy protection Jan. 19.

Roberds hired Trammell Crow Co. to market the property the day before filing, said Frank Settlemyer, a broker who represented Roberds in the sale.

Built in the 1950s by Goodyear, the Roberds building is attractive to technology companies because of its load-bearing floors, double- brick walls and high ceilings, he said. The building's proximity to fiber-optic lines and MARTA also proved critical. "A lot of multifamily (developers were interested), then the telecom came like a tidal wave," Settlemyer said.

Although switching stations and collocation centers, where telecom equipment is housed, have been established downtown and at intown locations such as the West End, no major switch station has been created in Buckhead.

The store is located on 6.5 acres near Piedmont Road and Sidney Marcus Boulevard, the center of a potential development boom that will be spurred by the large mixed-use

development planned for 50 acres at the Lindbergh MARTA Station. BellSouth will establish one of its three Metro Centers at the development, bringing thousands of its workers to the area.

The owners of Lindbergh Plaza across Piedmont have placed their center on the market and expect the new owner to redevelop the site. Buckhead Crossing, a shopping center with Cub Foods on Piedmont, also is for sale. The Roberds site seemed to be in line for a residential or mixed-use development.

Roberds isn't the only site where Clearview will establish a telecom hotel. The company has contracted to buy a 200,000-square-foot industrial building in Norcross that Casual Corner previously had occupied, Brownlee said. The acquisition should close in July, and the building should be ready in September, Haugland said.